



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Ron Lahr
The Strategy Group, Inc.
5180 E. Seltice Way #C
Post Falls, ID 83854

DEC 21 2012

RE: MUR 6557

Dear Mr. Lahr:

On April 24, 2012, the Federal Election Commission notified the Strategy Group, Inc. of complaints alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. On December 18, 2012, the Commission found, on the basis of the information in the complaints, that there is no reason to believe the Strategy Group, Inc. violated 2 U.S.C. §§ 433 and 434. Accordingly, the Commission closed its file in this matter.

Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66,132 (Dec. 14, 2009). The Factual and Legal Analysis, which explains the Commission's finding, is enclosed for your information.

If you have any questions, please contact Kasey Morgenheim, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathleen M. Guith".

Kathleen M. Guith
Deputy Associate General Counsel

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: The Strategy Group, Inc.

MUR 6557

I. INTRODUCTION

This matter was generated by Complaints filed with the Federal Election Commission by John Erickson, Scott Grunsted, and Thomas P. Hanley, alleging violations of the Federal Election Campaign Act of 1971, as amended (the "Act"), by the Strategy Group, Inc. According to the three Complaints, which are nearly identical, the Kootenai County Reagan Republicans ("KCRR"), Jeff Ward (KCRR's treasurer), the Strategy Group, Inc., and four candidates for local office in Kootenai County, Idaho — Keith Hutcheson, Barry McHugh, Todd Tondee, and Dan Green — disseminated a mailer to voters in Kootenai County that endorsed federal and state candidates. The Complaints allege that the Respondents violated the Act because they spent over \$1,000 for a federal candidate without "filing with" the Commission.

Upon review of the Complaints, Responses, and other available information, it does not appear that the Strategy Group, Inc. was required to register and report with the Commission as a political committee. Accordingly, the Commission finds no reason to believe that the Strategy Group, Inc. violated 2 U.S.C. §§ 433 and 434 by failing to register and report with the Commission as a political committee.

II. FACTUAL AND LEGAL ANALYSIS

A. Factual Summary

The Complaints allege that KCRR and the individual respondents "working together . . . spent over \$1,000 for a federal candidate without filing with the FEC" when they sent a mailer to voters in Kootenai County that endorsed state candidates and a federal candidate. Compl. at 1.

1 The Complaints attach the mailer at issue, which states that “[the] Kootenai County Regan
2 Republicans wholeheartedly endorse the following conservative common-sense candidates in the
3 May 15 [2012] Republican Primary.” Compl., Ex. 1. The mailer lists 14 candidates for federal,
4 state, and local offices, and for each candidate includes the office sought, a photograph, and a
5 short statement about the candidate. The mailer includes one candidate for federal office,
6 Congressman Raul Labrador, the incumbent candidate for the U.S. House of Representatives
7 from Idaho’s First Congressional District. *Id.* The disclaimer at the bottom of the mailer states
8 that it is “Proudly Paid for by the Reagan Republican Victory Fund
9 www.reaganrepublicans.net.” *Id.*

10 KCRR submitted a Response — signed and sworn to by both Ron Lahr, as KCRR’s
11 president, and Jeff Ward, as KCRR’s treasurer. The KCRR Response identifies the Strategy
12 Group, Inc. as the vendor that designed, printed, and mailed a portion of the mailers.¹

13 **B. Legal Analysis**

14 The Complaints generally allege that the Strategy Group, Inc. spent over \$1,000 for a
15 federal candidate without “filing with” the Commission. Compl. at 1. Under the Act, groups
16 that are political committees are required to register with the Commission and publicly report all
17 of their receipts and disbursements. 2 U.S.C. §§ 433, 434. The Act defines a “political
18 committee” as any committee, association, or other group of persons that receives
19 “contributions” or makes “expenditures” for the purpose of influencing a Federal election which
20 aggregate in excess of \$1,000 during a calendar year. 2 U.S.C. § 431(4)(A). The term

¹ The Idaho Secretary of State’s website lists the Strategy Group, Inc. as a general business corporation with Ron Lahr as its registered agent. The Strategy Group, Inc. was notified of the Complaints but did not submit a response.

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1 "contribution" is defined to include "any gift, subscription, loan, advance, or deposit of money or
2 anything of value made by any person for the purpose of influencing any election for Federal
3 office." 2 U.S.C. § 431(8)(A)(i). The term "expenditure" is defined to include "any purchase,
4 payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any
5 person for the purpose of influencing any election for Federal office." 2 U.S.C. § 431(9)(A)(i).

6 An organization will not be considered a "political committee" unless its "major purpose is
7 Federal campaign activity (*i.e.*, the nomination or election of a Federal candidate)." Political
8 Committee Status, 72 Fed. Reg. 5595, 5597 (Feb. 7, 2007) (Supplemental Explanation and
9 Justification). *See Buckley v. Valeo*, 424 U.S. 1, 79 (1976); *FEC v. Massachusetts Citizens for*
10 *Life, Inc. ("MCFL")*, 479 U.S. 238, 262 (1986).

11 There is no evidence that the Strategy Group, Inc. had liability under sections 433 and
12 434 of the Act. Accordingly, the Commission finds no reason to believe that the Strategy
13 Group, Inc. violated 2 U.S.C. §§ 433 and 434.

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